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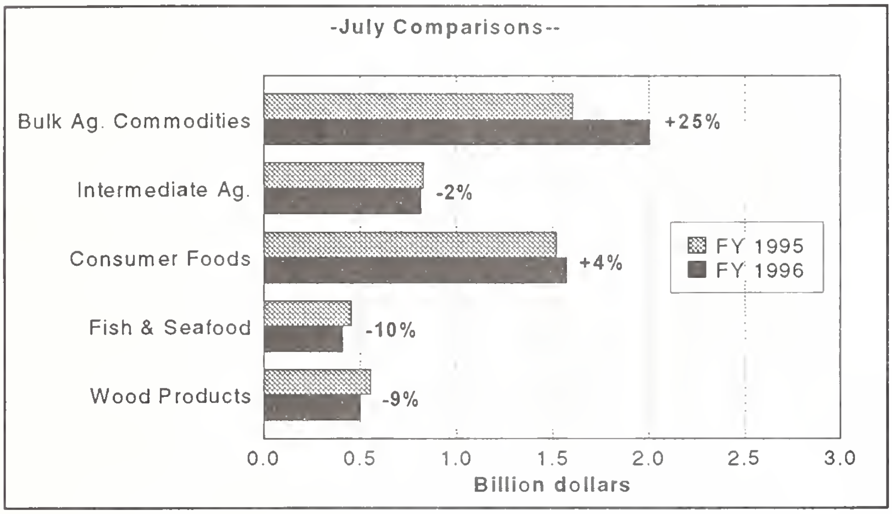
Agricultural Trade Highlights

Exports Rise 7 Percent in July



July trade statistics released by the Commerce Department on September 18 placed the value of U.S. *agricultural, fish, and forest product* exports at $5.3 billion, a 7-percent increase over July 1995. Agricultural exports totaled $4.4 billion, up 11 percent over year-ago levels. Bulk commodity exports registered a gain of 25 percent, exports of intermediate products were down 2 percent, and consumer foods were up 4 percent. Fish and forest product exports totaled $917 million in July, down 10 percent from the same month last year.

July shipments brought agricultural, fish, and forest product exports to $58.6 billion for the first ten months of fiscal year 1996, 9 percent higher than the same period in fiscal year 1995. Agricultural exports continue to be the best performers, up 12 percent over the same period last year to $50.4 billion. USDA's export forecast for agricultural products during fiscal year 1996 continues unchanged at $60 billion.

At $2 billion in July, U.S. exports of *bulk agricultural commodities* increased 25 percent over the same month last year. Declines in cotton, tobacco, and rice exports were more than offset by gains in wheat, coarse grains (mainly corn), and soybeans. The combined gain for grain and soybean exports totaled $488 million in July, about $45 million more than the increase recorded for agricultural products as a whole. During the first ten months of fiscal year 1996, bulk commodity exports totaled $24.8 billion, up 23 percent over the same period last year. Relatively high prices and strong import demand from Asian Pac Rim countries, Mexico, and the EU-15 underpins the rising value of bulk exports.

U.S. exports of *intermediate agricultural products* totaled $819 million in July, down 2 percent from July 1995. Soybean and other vegetable oils registered the largest declines. Exports were down 5 percent at $9 billion during the first 10 months of fiscal year 1996. The slower pace of soybean oil shipments, due to reduced demand from China, accounts for much of the decline. The only two products to record substantial gains were feeds and fodders and soybean meal.

U.S. exports of *high-value, consumer-oriented products* totaled $1.6 billion in July, up 4 percent from the same month last year. All but one of the 16 major product groups registered gains. July marked the second consecutive month of unusually weak red meat exports. Japanese beef imports have fallen in response to consumer concerns over E. coli. During the first 10 months of fiscal year 1996, consumer food exports totaled $16.6 billion, up 8 percent over the same period a year earlier. Although a new record is expected this year, consumer food export expansion has moderated from the pace set in recent years.

At $411 million in July, *edible fish and seafood* exports fell 10 percent from the same month last year. Gains in canned salmon exports were offset by declines in whole and eviscerated salmon, crab and crab meat, roe and urchin, and other fish products.

U.S. *forest product* exports totaled $506 million in July, down 9 percent from last year. Declines in log, lumber, and panel product exports exceeded gains for other further-processed wood products like window frames and doors.

U.S. agricultural exports rose to six of the top ten markets in July. Significant gains were recorded to Mexico, Russia, and Taiwan, but exports were also up to Egypt, Canada, and the EU-15.

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U.S. Agricultural, Fish, and Wood Export Summaries

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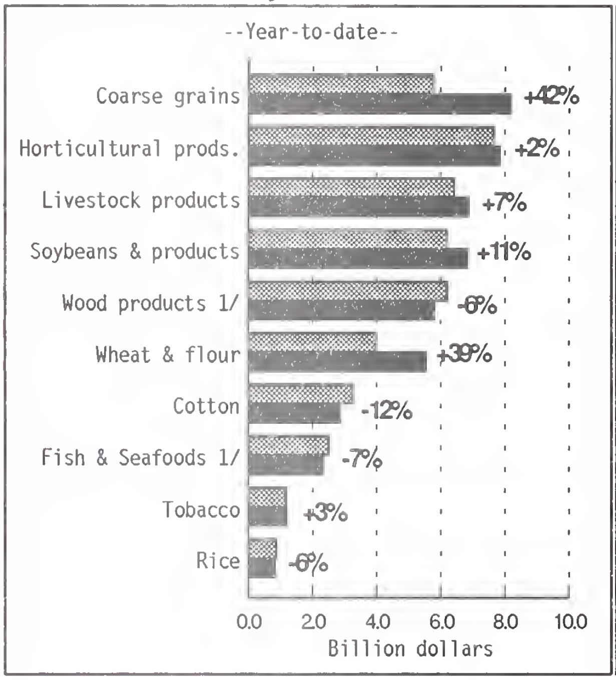
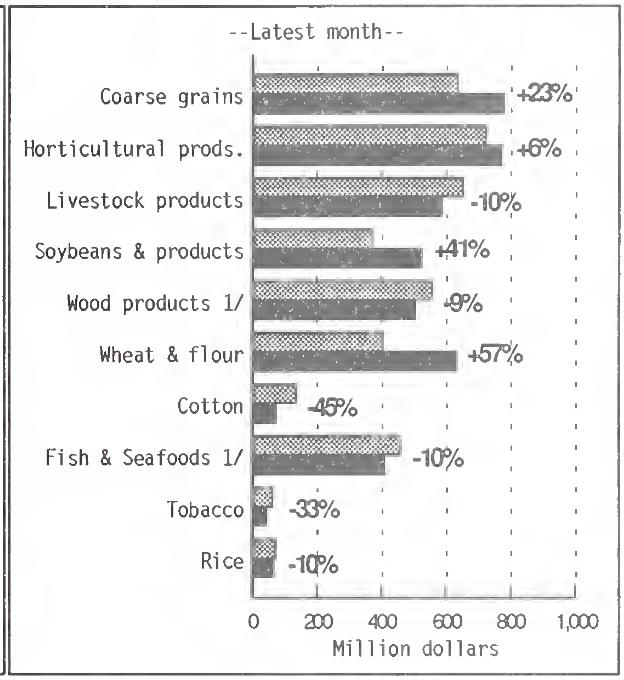
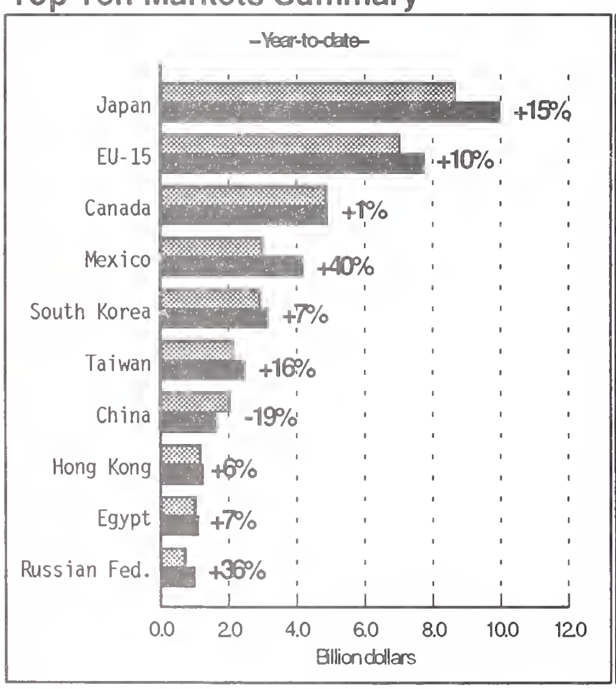
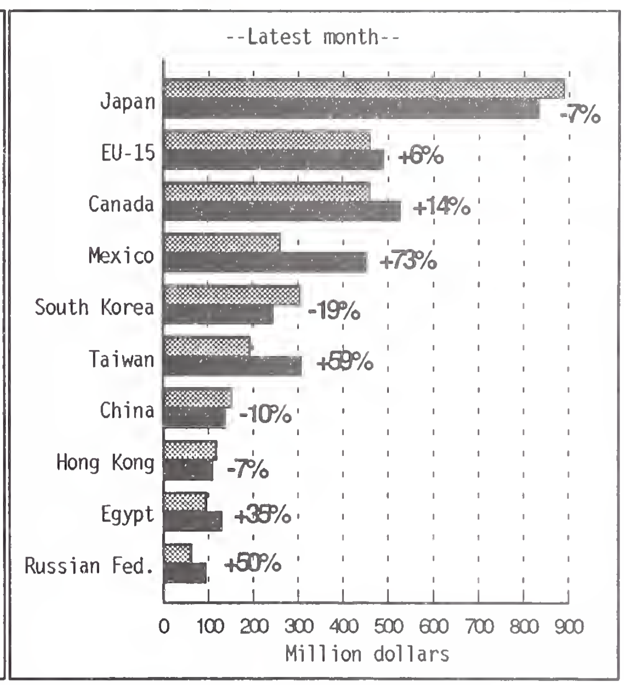
Product Summary





Top Ten Markets Summary





Note: Percentages are computed as the change from a year ago.

1/ Not included in agricultural totals.

Feature Story: USDA's Supplier Credit Guarantee Program

THIS UNIQUE NEW PROGRAM EXPANDS U.S. AGRICULTURAL EXPORTS BY GUARANTEEING SHORT-TERM FINANCING EXTENDED DIRECTLY BY U.S. EXPORTERS

On August 30, 1996, the Supplier Credit Guarantee Program (SCGP), Commodity Credit Corporation's (CCC) newest export credit guarantee program, became effective. The SCGP is a variant of the Export Credit Guarantee Program (GSM-102). CCC's credit guarantee programs are designed to increase the buying power or liquidity of our customers for agricultural commodities and/or products. This new program is unique because it covers short-term financing extended directly by U.S. exporters to foreign buyers and only requires that importers sign a promissory note in case of default on the CCC-backed payment guarantee. The SCGP will expand U.S. agricultural exports by leveraging credit extended directly by U.S. exporters.

Program Background

In announcing the program, Agriculture Secretary Dan Glickman stated that the SCGP represents the Department's "latest effort to expand the export assistance programs available to U.S. agriculture." The SCGP was implemented in August for the first time since it was authorized under the 1996 Farm Bill. The initial announcement of the program covered $20 million in U.S. sales to Mexico of fruits, vegetables, tree nuts, potatoes, wine, brandy, dairy products, and ice cream--products typically traded in smaller transactions and not commonly financed under the existing GSM-102 program.

The purpose of the SCGP, like the GSM-102 program, is to encourage U.S. exporters to expand, maintain, and develop markets for U.S. agricultural commodities and products in areas where commercial financing may not be available without a CCC payment guarantee. The SCGP will emphasize high-value and value-added products, but may include commodities or products that also have been programmed under the CCC's GSM-102 program.

The SCGP is designed to help U.S. exporters of U.S. agricultural commodities and products, who wish to provide short term credits (180 days or less) directly to their foreign buyers. In contrast, under GSM-102, the CCC guarantees repayment of credits extended (usually by U.S. banks) to foreign banks which, in turn, provide financing to local importers of U.S. agricultural commodities and products. Under the SCGP, CCC will guarantee a portion of the payment of such credits when secured by an importer's signed promissory note.

Program Advantages

The SCGP may be helpful in countries where GSM-102 financing is limited because the CCC has reached its exposure limits for private foreign banks. Therefore, buyers need different credit options to finance the purchase of U.S. commodities and products. The SCGP may work well for commodities and products that normally trade on short-term, open account financing. Additionally, it may also be helpful in meeting the Department's goal of increasing exports of high-value and value-added products where supplier credits are normally extended for 180 days or less.

Foreign importers will benefit by avoiding the cost and formalities of opening foreign bank letters of credit required by other CCC credit guarantee programs. The SCGP also will address the time delay typically experienced by importers in opening a letter of credit and because the importer, rather than a foreign bank, will be the borrower, the importer will enjoy the full benefit of the credit terms guaranteed by the CCC.

Program Risks

While the SCGP offers certain advantages, it also poses corresponding financial risks to the CCC. By taking importer risk, rather than foreign bank risk, the CCC recognizes that a higher default in payments to exporters or their assignees could occur. Accordingly, the CCC requires the U.S. importer to assume a higher share of the risk than is normal under other CCC credit guarantee programs. The credit guarantee provided by the CCC for the GSM-102 program traditionally has been set at 98 percent of the principal amount plus a portion of the

interest. Under the initial phase of the SCGP, the CCC will guarantee 50 percent of the export value, with no interest coverage. Because the CCC normally will not conduct a credit analysis of importers, the lower level of credit guarantee coverage offered by the SCGP will provide an incentive to U.S. exporters and their assignees to carefully evaluate the credit risk of the foreign importer.

Also, the CCC's registration fees under this new program will be higher than required under GSM-102. They will be more comparable to those charged by the Export-Import Bank in connection with its short-term, single buyer insurance program. By law, the CCC's registration fees cannot exceed $1 per $100 of guarantee coverage.

Some differences between the SCGP and GSM-102 are summarized below.

	SCGP	**GSM-102**
Risk	Importer	Foreign Bank
Financial Instrument	Promissory note.	Irrevocable Letter of Credit.
Period of coverage	Maximum 180 days.	Maximum 3 years.
Coverage	50% of principal. No interest coverage.	98% of principal and a portion of interest.
Fee	One fee for all periods of coverage.	Fee varies with period of coverage.
Price Review	At application - CCC's discretion. At time of claim - Yes.	At application - CCC's discretion. At time of claim - No.
Restrictions	Exporter/Assignee cannot be related to importer issuing Promissory note.	Assignee cannot be related to Foreign Bank issuing Letter of Credit.

Program Administration

In many respects, the SCGP will operate in essentially the same manner as the existing GSM-102 program.

- Exporters must be qualified to participate in the SCGP. Exporters eligible to participate in GSM-102 are automatically eligible to participate in the SCGP.
- Exporters may assign the payment guarantee to an eligible U.S. financial institution. U.S. financial institutions eligible to participate in GSM-102 are automatically eligible to participate in the SCGP.
- The SCGP will be administered by CCC Program Announcements and Notices to Participants.
- Exporters must have a firm export sale prior to submitting an application to CCC.
- Exporters must make a number of certifications, including that the commodity or product to be exported meets the definition of a U.S. agricultural commodity.
- The guarantee fee paid at time of application to the CCC is non-refundable.
- The SCGP payment guarantee will cover a portion of total losses resulting from defaults, regardless of whether such losses are due to commercial or noncommercial reasons.
- The CCC will conduct an assessment of country political and economic risk.

Marketing Tool

The SCGP is a tool that exporters may want to consider when developing a flexible financing strategy. For example, how can an exporter expand sales and maintain profits without increasing risk? Under the SCGP's 50/50 risk sharing scenario, an exporter could double a line of credit to a particular importer without increasing his net exposure.

How will banks look at taking assignment of the guarantee? At this point, it is not certain whether banks will take an assignment of a 50 percent guarantee. We will learn, as the program evolves, how the banking community responds. However, it is assumed that a 50 percent Government guarantee on receivables will be favorably considered when it comes to bank decisions regarding operating or working capital loans to exporters.

Steps to Participation

The following is a general discussion of the steps to participation in the SCGP. It is not intended to replace program regulations, Program Announcements, or Notices to Participants. It is intended only to provide an overview of the operation of the SCGP.

Exporter Eligibility--Exporters must first qualify with the CCC to participate in the SCGP. This will be based on information submitted about the company itself and the required program certifications.

Country and Commodity/Product Programing--The CCC will issue Program Announcements which will provide specific country allocations. The Program Announcement will list eligible commodities and products and the terms applicable to the particular country or region, including amount and basis of coverage, length of credit period to be covered, fee rate, and the form of the promissory note that must be used to evidence the obligation.

Promissory Note--The promissory note form will be attached to the Program Announcement. The promissory note must be payable in U.S. dollars. Participants should carefully review the provisions of the note. No changes can be made to the note nor can another form of note be used.

The Application--The eligible exporter must enter into a firm export sale with the importer before submitting an application to the CCC. The firm sales requirement does not preclude that a sales contract be contingent upon approval of a CCC payment guarantee. At a minimum, the exporter and importer must be in agreement regarding the terms and conditions reported in the application. Applications can be made by telephone or in writing (including facsimiles) and must include information specified in program regulations and applicable Notices to Participants. Notice(s) to Participants may supplement and give additional instructions regarding information required in the application.

Information includes, but is not limited to: name and address of importer, commodity description, quantity and price, delivery period, term length of credit being extended, calculation of the port value, guaranteed value, and non-refundable fee, and a certification. For example, if CCC coverage is 50 percent, the fee rate is $0.95 per $100 of coverage, and the port value is $25,000, the guaranteed value would be $12,500 ($25,000 x 50 percent), and the guarantee fee would be $118.75 ($12,500/$100 x $0.95). An application may contain more than one export sale or only part of a single sale.

An exporter is ineligible to obtain a payment guarantee for an export sale in which the exporter directly or indirectly owns or controls, or is owned or controlled by the importer issuing the promissory note.

Assigning the Payment Guarantee--Exporters may assign the proceeds of the payment guarantee to an eligible U.S. financial institution. The assignment must cover all amounts payable, may not be made to more than one party, and may not be further assigned. Assignees must submit a written notice of assignment to the CCC. A U.S. financial institution which owns or controls the importer issuing the promissory note is not eligible to receive an assignment or to receive proceeds payable under a payment guarantee.

CCC Review--The CCC reviews the application and may approve as submitted, approve with modification agreed to by the exporter, or may reject the application. If the application is approved and the guarantee fee is paid, the CCC issues a payment guarantee in favor of the exporter. The payment guarantee applies to a credit period established in the application and coverage begins

either on the date(s) of export or from the date when interest begins to accrue, whichever is earlier. Coverage will continue during the credit term specified in the payment guarantee. However, the payment guarantee does not become effective until the date of export.

Timing of the Export--Exporters may initiate shipment any time after submitting the application for the payment guarantee, but do so at their own risk until the CCC approves the payment guarantee. Commodities exported prior to the date the CCC receives the application or with an export date after the final date to export shown on the payment guarantee, are ineligible for coverage.

Reporting the Export--The exporter must submit to the CCC a written report for each shipment made under the payment guarantee. The Evidence of Export (EOE) report may contain export information on more than one shipment. The EOE report must be submitted within 60 calendar days if the export was made by truck or rail, or 30 days if the export was made by other carrier. The EOE report contains information specified by program regulations and applicable Notices to Participants.

Information contained in the EOE report includes: date of export, quantity, export value, other information, and a certification. The exporter must certify that there is a Promissory Note to cover the exported value of the commodity or product. The exporter and importer must ensure that the payment schedule in the promissory note is within the credit terms specified in the payment guarantee. For example, if the maximum credit period is 60 days and the final date to export shown on the payment guarantee is November 30, the last payment due date must be no later than 60 days from November 30.

Default Procedures

Notice of Default--If an importer fails to make payment under the terms of the promissory note, the exporter must notify the CCC, in writing, within 10 calendar days after the date the payment was due. The notice will contain specific information about the payment in default, including, if known, why the importer refused to pay.

Claim for Loss--After filing the notice of default, the exporter must file a claim for loss no later than six months from the due date of the promissory note. The information and documents required are specified in program regulations and applicable Notices to Participants. Required documents include: the promissory note, ocean carrier or intermodal bill(s) of lading, airway bill, or if shipped by truck or rail, entry certificate(s), invoice(s), and EOE(s). The claim for loss must also include an instrument subrogating to the CCC the rights of the exporter to the payment in default. The CCC will make available an example of language for the Instrument of Subrogation and Assignment.

Payment for Loss--The CCC reviews the information and documents, and conducts a price review to determine if the guaranteed portion of the port value exceeds the prevailing U.S. market value for the same or same type of agricultural commodity or product. If the guaranteed portion of the port value exceeds the U.S. market value, the CCC can deny the claim. Otherwise, if all information, documents, and the determination regarding the U.S. market value are found to be in good order, the CCC will pay to the exporter the lesser of:

- The guaranteed value stated in the payment guarantee.
- The guaranteed percentage (indicated in the payment guarantee) of the exported value indicated in the EOE(s).
- The guaranteed percentage of the promissory note.

Recoveries--After paying a claim for loss, the CCC will notify the importer that the CCC has the right to collect all money in default. If the exporter recovers any amount of the defaulted payment from the importer or any other source, the money must be immediately paid to the CCC. Recoveries made by the CCC from the importer, from the exporter, or any other source will be shared with the exporter on a pro rata share basis.

For additional information on the SCGP, please write:

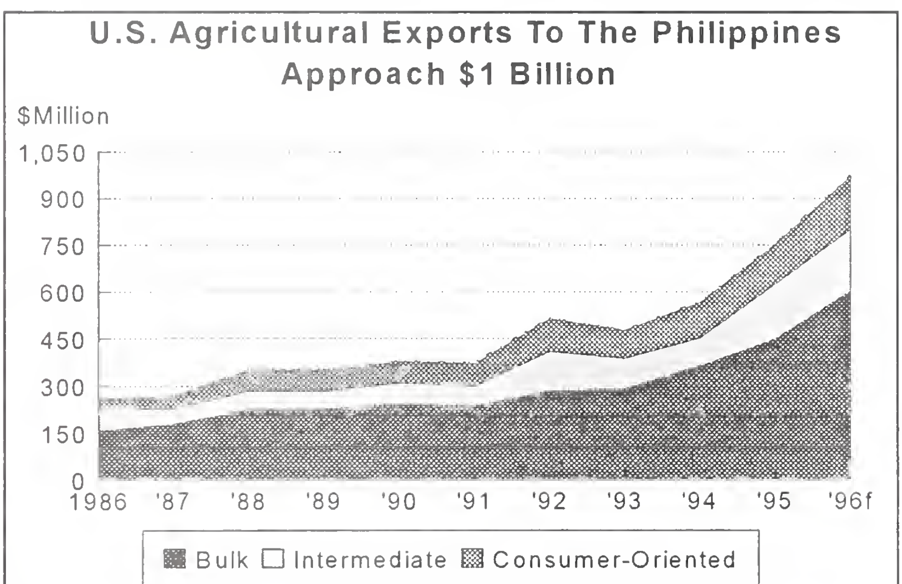
Director, CCC Operations Division
Foreign Agricultural Service/USDA
1400 Independence Avenue SW
Washington, DC 20250-1035
Facsimile - (202) 720-2949

General Information about the CCC's export credit guarantee programs and USDA programs, resources, and services is available on the Internet. The address (url) for the FAS Home Page is http://fas.usda.gov

Country Profile: Philippines

The current liberalization and market-oriented economic policies of the Philippine Government provide the foundation for strong economic growth and expand opportunities for vigorous increases in U.S. exports and investment. Important reforms already have been implemented to liberalize the country's external trade, foreign exchange, and investment regimes. Legislation was recently passed which lifts all quantitative import restrictions on agricultural commodities, and a more internationally acceptable basis of customs valuation is being adopted. The Government's agricultural policy focus is shifting from "self-sufficiency" to "food security" and this further encourages agricultural imports. Finally, the Philippine Government has adopted the goal of lowering all import tariffs to a single, fixed rate of 5 percent ad valorem by the year 2004. USDA is supporting U.S. companies in in the Philippines market by organizing the 2nd Great American Food Show--Philippines '97, which is scheduled for February 25-26, 1997.

Because of ongoing economic reforms and a more stable political situation, the Philippine economy is finally showing signs of long-term economic vitality. This follows two decades of economic stagnation during which the Philippines went from being one of the most prosperous countries in East Asia to one of its poorest. Under the slogan "Philippine 2000" the Government is aiming at propelling the Philippines into the ranks of "newly industrializing economies" by the turn of the century. The Philippine economy has been growing at an accelerating rate since the early 1990's. Real gross national product (GNP) increased 5.5 percent in 1995, up from 5.3 percent a year earlier. Per capita GNP in current terms exceeded $1,000 for the first time last year. The Philippines Government is projecting a further increase in real GNP within a range of 6.5 percent to 7.5 percent for 1996.



Economic Policy

Beginning in the 1960's and continuing through the end of the Marcos administration in 1986, the Philippine Government restricted trade in an effort to promote local industry through import substitution. Numerous state-owned corporations and officially sanctioned monopolies were created in virtually all sectors of the economy which fostered corruption and inefficiency. This insular approach was abandoned by the Aquino administration in the early 1990's. The goal among policy makers shifted to achieving a free market economy with a reduced, more decentralized Government sector, and minimal restrictions on external trade. These economic reforms continue under the current Fidel Ramos administration.

Prospects for continued economic growth are encouraging. With private analysts improving their risk ratings for the Philippines and projecting Philippine corporate earnings among Asia's best, foreign investment is expected to remain strong. A series of International Monetary Fund (IMF) structural adjustment programs have helped stabilize key macroeconomic indicators and the Government hopes that the current arrangement--a 3 year extended fund facility which expires in 1997--will be an exit program from IMF support. A return to political stability also augurs well for the economic future. Last year's congressional elections were peaceful and confirmed support for the Government. An agreement recently was reached with the Muslim separatists on the island of Mindanao which eliminates the country's most pressing security problem.

Role of Agriculture

Agriculture plays a major role in the Philippine economy, accounting for approximately 22 percent of gross national product and employing 45 percent of the workforce. Philippine agriculture is concentrated in a relatively limited number of activities. Rice is the most important crop and food staple. Corn and coconuts are other key crops, and together with rice account for more than half of the total value of Philippine agricultural production. Wheat is not commercially grown in the Philippines, its dairy industry is practically non-existent, fruit production excludes most citrus and deciduous fruit, soybean output is negligible due to poor yield levels, and water buffalo constitute more than half of the country's limited cattle inventory.

Farm/Food Policy

The Philippine Government's farm and food policies in recent years have placed the highest priority on achieving food self-sufficiency for its 70 million people. This goal was to be achieved through enhanced agricultural productivity envisioned in the Medium-Term Agricultural Development Plan for 1993-1998 and the "Magna Carta of Small Farmers Act", enacted in 1992, which protected domestic farmers from imports. Land and water limitations combined with significant sectoral infrastructure deficiencies made the targets of the Plan highly suspect from its inception. This production-oriented strategy for self-sufficiency was essentially scrapped following the rice crisis of last year and the implementation of Philippine commitments under the GATT Uruguay Round.

Food Security

A severe rice shortage and a spiraling of prices occurred in mid-1995 which ultimately resulted in the firing of the Secretary of Agriculture. A Food Security Summit was called in January 1996. The Summit concluded that the Government's food policies should be transformed from achieving self-sufficiency to achieving food security. Food security is defined as the continued access to food supplies on a year-round basis at stable and affordable prices. In response to this new emphasis on food security, a new Philippine Agriculture Secretary launched a "Plan of Action" in June 1996. The Plan of Action builds upon the existing Medium-Term Agricultural Development Plan but incorporates new ideas on food security. It focuses primarily on food grains.

The Plan of Action outlines a policy framework for stabilizing food prices and reducing supply and price fluctuations through both domestic production and trade. Agricultural imports are viewed by the Plan of Action as instrumental in creating a stable market as well as in improving overall economic growth and efficiency. The Plan of Action specifically recognizes the need and likelihood of continued rice imports (previously prohibited) for about 5 percent of the country's requirements. In its drive for food price stabilization, the Plan of Action suggests the replacing of quantitative import restrictions on rice with tariff protection. It also recommends removing the National Food Authority's (an agency of the Department of Agriculture) monopoly on rice imports.

The Plan of Action endorses lowering of tariffs on corn and on feedgrains (wheat, rye, barley, and oats) to a uniform 5 to 10 percent in order to rationalize and maintain competitiveness of the livestock sector. It further suggests that the Government's corn policies differentiate between corn for food (white) and corn for feed (yellow). In the near-term, the Plan of Action supports increasing the minimum access import volume for corn to approximately 500,000 tons per year.

Trade Trends

Farm and food policies and trade liberalization commitments made under the Uruguay Round are making the Philippines increasingly dependent on integration with the world market. Traditionally, the Philippines has been a net agricultural exporter. In recent years, however, it has become a net agricultural importer. This trend is expected to continue in the future. The country is unable to meet its growing consumption requirements for basic food and feed staples. Increases in agricultural output are impeded to a large degree by a constraint on land. Little, if any, undeveloped land remains available for agricultural use while urban land use requirements continue to encroach on agricultural zones.

Future imports of food grains, feedgrains, soybeans, soybean meal, and other ingredients to the livestock sector will trend upwards with sustained economic growth and a liberalized trade regime. Increased imports of dairy and beef products are anticipated because of the inability of the domestic industry to significantly expand production levels because of range limitations and problems with heat, parasites, and rural security. Philippine imports of consumer-oriented foods also should rise markedly under a free-trade environment given the steady growth in demand for such products from an expanding middle class.

Investment in the production of tropical fruit and vegetables is up markedly and this is an area which will enjoy increased export volumes, particularly to markets in northern Asia. Poultry and pork production are other areas where investment levels are up noticeably in response to a strong increase in demand for meat. This industry in the past has received protection from imports through high

tariffs and quantitative import restrictions. The domestic industry, however, feels that once it can source its feed import requirements in a free-trade environment, the cost of locally produced poultry and pork meat will decline.

Uruguay Round Agreement

The Philippines ratified the Uruguay Round Agreement in December 1994. Although the Philippines was required to implement provisions of the Uruguay Round on July 1, 1995, it failed to pass the necessary legislation until March 28, 1996. Approximately 1 dozen domestic laws designed to prohibit or impede imports will be eliminated, resulting in a relatively free, world trade intercourse.

The agricultural provisions of the Agreement require the Philippines to replace all non-tariff measures (except for rice) affecting imports with equivalent tariffs. Many important items such as feedgrains, pork, poultry, sugar, and fresh vegetables were insulated completely from imports by import prohibitions which were lifted only when the Government decided that shortages existed. The maximum tariff equivalent established for the Philippines by the Uruguay Round is a 100 percent ad valorem tariff. Over a ten year period, these 100 percent tariffs will be reduced to 50 percent or slightly less. In most cases, the bound tariff levels for the Philippines under the Uruguay Round for agricultural products are somewhat higher than current tariff levels. Nevertheless, in order to attract foreign investment and enhance the global competitiveness of local industries, the Philippines has unilaterally adopted the goal of reducing all, or nearly all, applied tariffs to a uniform 5 percent by the year 2004.

The Philippines abandoned on July 1, 1996, its unique system of tariff valuation called the Home Consumption Value (HCV) which often resulted in sudden and substantial increases in assessed import duties, higher costs to consumers, and reduced import volumes. The Philippines was the only country in the world to utilize an HCV tariff valuation. In its place, the Philippines adopted an average export value system. Recently passed legislation requires the implementation of a transaction value system by the year 2000.

Consumer-Oriented Foods

U.S. food products are well represented in Philippine supermarkets and enjoy a good reputation for quality. Most Filipinos are inclined to buy American when given an option between alternative foreign suppliers due in large part to a long-established, special relationship between the two countries. Nearly 90 percent of the population reads English and many Filipinos travel or have relatives residing in the United States. Philippine culture is closely tied to the United States, and trends which become popular in the United States usually are quickly adopted in the Philippines. Therefore, foods marketed in the United States based on their low-calorie, low-fat, or low-salt attributes offer strong sales promise in the Philippines. Rice, the traditional food staple in the Philippines, is becoming less important. Bread products, processed meats, instant noodles, and Western-style snack foods have become key components of the local diet, particularly for the young.

The Philippine middle class is growing and becoming more affluent thanks to the general economic prosperity. All adult members of middle-class families usually are working outside of the home, creating a strong demand for a wider variety of foods which offer convenience in preparation. Rising income levels are allowing increasing numbers of Filipinos to obtain their food needs outside of the home. Rapid growth continues in both fast food chains and more upscale, Western-style restaurants. Many are U.S. based and offer exporters excellent opportunities to expand sales of consumer-oriented foods.

The lion's share of imported consumer-ready foods are sold in urban areas which account for nearly half of the Philippine population and are growing rapidly. Imported products usually are purchased by importers/brokers who in turn distribute to supermarkets, hotels, restaurants, and other retail outlets. Some larger supermarket chains and hotels do import directly. Many imported consumer-ready foods are purchased and shipped in mixed-load containers. Local importers often maintain consolidators or buying agents in the United States, usually on the west coast.

A significant share of imported foods and beverages are marketed through duty-free shops which are located at airports, former U.S. military bases, and in special economic zones. Duty-free shops on the former bases limit purchases to $100 per month for local residents. Filipinos returning after an absence of 6 months from the Philippines are permitted to purchase up to $2,000 from duty-free shops. All other travelers entering the country can purchase up to $1,000 per trip. Additionally, it appears that the duty-free zones are serving as a conduit for imported items to reach normal retail channels.

Food Import Regulations

Penetration of the Philippine market usually does not require meeting additional regulations for U.S. exporters. Regulations of the U.S. Food and Drug Administration serve as

the Philippine Bureau of Food and Drug's main reference for policy guidelines pertaining to food additives, manufacturing practices, and suitability of packaging materials for food use. Hence, compliance with U.S. regulations for packaged foods, particularly for labeling, will almost always assure compliance with Philippine guidelines.

Best Export Prospects

Wheat is the country's leading food import and plays an increasingly important role in the Philippine diet. The United States normally supplies more than 80 percent of the country's import requirements. Consumption has risen rapidly in recent years due in part to the Government's policies which kept rice prices well above world market levels and the increasing popularity of wheat-based foods such as crackers, cookies, cakes, pizza, hamburger buns, donuts, etc. Although imports of wheat for feed use may decline (in favor of corn) under a free-trade environment, food use is projected to continue expanding. Since this grain is not commercially grown in the Philippines, the country's dependence on imports will remain high. Export opportunities for U.S. wheat are enhanced by a relatively low duty rate of 10 percent ad valorem. U.S. dark northern spring continues to be the favored bread wheat by the local baking industry. U.S. exports to the Philippines totaled a record $299 million in 1995 and are up 40 percent during the first 7 months of 1996.

Corn is the principal feedgrain for the rapidly growing poultry and swine industries in the Philippines. It is also heavily relied upon as a food grain. Imports in the past were prohibited unless the Government determined that domestic supplies were insufficient. Many farmers have concluded that the long-term outlook for local production is not bright under a liberalized trade regime and are switching to other crop alternatives. The Government is anxious to avoid the political and economic fallout from shortages such as happened last year with rice. It is apparently committed to using lower-priced corn imports to control domestic price levels. USDA is forecasting an increase in Philippine corn imports from 140,000 tons in 1994/95 to 750,000 tons during the current 1996/97 marketing season.

Soybean imports are primarily used for the production of soybean meal and comprise the bulk of the Philippines soybean supply. U.S. soybeans are widely recognized in the Philippines for their high quality and consistency. U.S. soybean exports to the Philippines in 1995 totaled a record $27 million, accounting for more than 80 percent of all imports. Soybean imports are expected to trend upward in response to an anticipated expansion in installed crushing capacity and the construction in 1997 of the country's first land-based, multi-user bulk grains terminal capable of handling vessels of 50,000 tons or more. It will be the biggest grain terminal in Southeast Asia and will possess a soybean storage capacity of 50,000 tons to 70,000 tons. The Philippine import tariff on soybeans is 3 percent.

Soybean meal is the primary protein meal source for the swine, poultry, and prawn industries. It accounts for 80 percent of national oilmeal consumption. Annual consumption is rising markedly in response to an increased demand for meat. The United States is the largest supplier to the Philippines although soybean meal imports are also sourced from India and Brazil. U.S. exports reached a record $121 million in 1995 and are up nearly 15 percent in value during the first seven months of calendar 1996. The Philippine import duty on soybean meal is 10 percent.

Cotton imports account for 95 percent of total Philippine consumption. Although U.S. market share recently has slipped a few points with improved competitor supplies, American cotton maintains a 50 to 60 percent share of the Philippine market. The Philippines reduced its import tariff on cotton from 10 percent to 3 percent ad valorem in August 1995. U.S. cotton exports to the Philippines last year reached a record $65 million.

Consumer-oriented agricultural imports by the Philippines from the United States totaled a record $126 million in 1995, with 8 of the 16 product categories shown in the following table recording new highs. The Philippines is emerging as one of the brightest prospects in Asia for growth in exports of consumer-ready foods and beverages. Sustained economic growth and rising income levels combined with a growing population and a pre-disposition to U.S. products are creating excellent sales opportunities for U.S. exporters.

With the recent passage of legislation necessary to implement Philippine commitments under the Uruguay Round, significant trade barriers hindering U.S. export sales are being removed. Tariff rate quota commitments under the Uruguay Round for chilled and frozen pork and poultry meat are expected to result in new imports of pork and poultry estimated at $30 million and $10 million, respectively. Previously banned, the Philippines has agreed to annual imports of 32,000 tons of pork at a 30 percent tariff rate along with 14,000 tons of poultry at a 50 percent tariff rate. The tariff rate applied to import volumes above these quota levels will initially be set at 100 percent but will drop to 60 percent by the year 2000. Previously prohibited, fresh onion and

potato imports will now be allowed entry, although phytosanitary protocols will need to be reached.

For nearly all other food and drink, recent executive orders reduce applied tariff levels through the year 2000. The import duty on chocolate confections and tree nuts has been reduced to 10 percent from 50 percent and 30 percent, respectively. The import duty rate for fresh fruit, wine, and beer has been reduced from the 50 percent rate applied in 1995 to 30 percent, and will be further reduced to 20 percent by 1998.

The United States maintains a dominant market share for a number of Philippine consumer-oriented food imports. This is true for fresh fruit (apples, grapes, and oranges), beer, frozen french fries, canned fruit (particularly fruit cocktail), and high-quality beef. Although the United States plays only a minor role in Philippine dairy imports, sales opportunities should improve with reduced export subsidies from competitors.

The USDA sponsored Great American Food Show--Philippines '97 will take place in Manila during February 1997. It will provide U.S. exporters an excellent opportunity to establish relations with key Philippine buyers of imported processed foods.

Philippine Importers

A partial listing of Philippine importers of consumer-ready agricultural products follows. *(NOTE: This partial listing of importers is furnished with the understanding that no discrimination is intended and no guarantee of reliability is implied.)*

Andresons International Co.
4th Floor, Bonaventure Plaza
Ortigas Avenue, Greenhills,
San Juan, Metro Manila
Tel: (011-63-2) 722-6113
Fax: (011-63-2) 722-1516

Composite Enterprises, Inc.
Makati City
Tel: (011-63-2) 812-3601
Fax: (011-63-2) 817-7123

Duty Free Philippines
Fiesta Shopping Center
Ninoy Aquino Avenue
Paranaque, Metro Manila
Tel: (011-63-2) 832-3191
Fax: (011-63-2) 831-4564

Europa Delicatessen and
Butcher Shop, Inc.
IPI Compound, 422 National Road, Talon
Las Pinas, Metro Manila
Tel: (011-63-2) 801-1141 Loc. 71
Fax: (011-63-2) 801-2025

Food Spectrum, Inc.
1228 Cardona Street
Makati City, 1200
Tel: (011-63-2) 867-476
Fax: (011-63-2) 897-6856

Killion Merchandising
40 Orozco Street
Quiapo, Manila
Tel: (011-63-2) 491-201
Fax: (011-63-2) 530-1505

La Primavera Ristorante Italiano
Garden Square Building
Legaspi Street corner Greenbelt Drive
Legaspi Village
Makati City
Tel: (011-63-2) 818-1945
Fax: (011-63-2) 818-1942

Link Import-Export Enterprises
Unit 14 & 15, NESCO Building
420 Urbiztondo Street
P.O. Box 1472 Manila
Binondo, Manila 1006
Tel: (011-63-2) 243-0948
Fax: (011-63-2) 243-1229

Organix Healthy Gourmet
48 Jupiter Street, Bel Air,
Makati City
Tel: (011-63-2) 816-4049
Fax: (011-63-2) 812-0334

Philippine Airlines, Inc.
Gate 1 PAL Mantenance Base,
Complex Andrews Avenue
Pasay City
Tel: (011-63-2) 831-6541
Fax: (011-63-2) 831-3865

Reno Foods, Inc.
11 A. Dizon Street
Malabon, Metro Manila
Tel: (011-63-2) 234-282
Fax: (011-63-2) 721-3074

Rustan Supermarkets
Araneta Center, Cubao
Quezon City
Tel: (011-63-2) 911-2351
Fax: (011-63-2) 911-2534

Subic Duty Free Shop, Inc.
P.O. Box 394, Greenhills
San Juan, Metro Manila 1502
Tel: (011-63-2) 812-4413
Fax: (011-63-2) 812-4436

Sungrow Marketing Corporation
Meaaanine B, 704 Elcano Street
Binondo, Manila
Tel: (011-63-2) 241-9643
Fax: (011-63-2) 242-7888

Werdenberg International Corp.
7431-B Yakal Street
San Antonio Village
Makati City
Tel: (011-63-2) 854-149
Fax: (011-63-2) 817-1217

This report was prepared from post reporting submitted by FAS staff in the Philippines.

For more information, contact: David Rosenbloom at (202) 720-2136

US Exports of Agricultural, Fish & Wood Products to PHILIPPINES

Calendar Years 1991 to 1996 and Year-to-Date Comparisons ($1,000)

Product	Calendar Years 1991	1992	1993	1994	1995	January-July 1995	1996	% Chg
Bulk Agricultural Total	231,607	280,419	286,367	360,622	446,076 *	240,731	339,401	41.0%
Wheat	141,143	202,011	222,256	270,745	298,728 *	156,852	219,719	40.1%
Coarse Grains	42	3,417	780	137	31,968	11,571	45,396 *	292.3%
Rice	23	148	250	25	27	22	23	4.5%
Soybeans	9,149	9,225	12,840	17,490	27,435 *	14,001	25,144	79.6%
Cotton	47,217	42,086	31,598	51,174	65,165 *	45,134	34,861	-22.8%
Tobacco	28,746	16,954	13,329	15,823	18,708	10,983	10,749	-2.1%
Pulses	4,209	4,958	4,029	4,403	3,072	1,767	3,058	73.1%
Peanuts	62	101	139	202	205 *	40	69	72.5%
Other Bulk Commodities	1,015	1,516	1,147	623	767	362	381	5.2%
Intermediate Agricultural Total	66,779	131,355	102,476	93,315	180,412 *	95,464	110,655	15.9%
Wheat Flour	7	133	75	196	116	46	318	591.3%
Soybean Meal	32,925	94,910	67,313	54,162	121,264 *	65,376	74,832	14.5%
Soybean Oil	2,038	1,022	100	204	40	18	30	66.7%
Other Vegetable Oils	889	864	1,005 *	687	988	557	660	18.5%
Feeds & Fodders (excl. pet foods)	4,485	6,076	6,383	7,090	9,413 *	5,462	7,259	32.9%
Live Animals	1,743	3,227	3,805	4,337	5,524 *	2,790	5,455	95.5%
Hides & Skins	102	211	129	97	783	481	471	-2.1%
Animal Fats	1,850	2,866	3,285	2,574	4,817 *	3,146	1,725	-45.2%
Planting Seeds	1,326	1,685	1,578	1,656	2,498 *	557	762	36.8%
Sugars, Sweeteners & Bever. Bases	1,406	2,386	1,990	2,200	1,695	920	2,339	154.2%
Other Intermediate Products	20,009	17,975	16,813	20,112	33,275 *	16,112	16,805	4.3%
Consumer-Oriented Agricultural Total	72,672	104,713	88,765	112,941	126,388 *	59,063	81,481	38.0%
Snack Foods (excluding nuts)	16,032	27,598	28,156	36,383 *	23,856	13,224	14,991	13.4%
Breakfast Cereals & Pancake Mix	518	1,914	1,746	494	858	446	447	0.2%
Red Meats, Chilled/Frozen	1,225	2,106	2,497	2,954	3,709 *	1,822	1,996	9.5%
Red Meats, Prepared/Preserved	839	1,468	761	2,148	3,964 *	1,201	3,578	197.9%
Poultry Meat	191	577	376	431	712 *	255	311	22.0%
Dairy Products	12,643	20,960	7,204	10,333	13,468	5,639	10,213	81.1%
Eggs & Products	85	225	41	73	277	110	572 *	420.0%
Fresh Fruit	10,277	14,175	15,083	22,265	24,924 *	8,099	11,441	41.3%
Fresh Vegetables	165	188	134	308	182	99	537 *	442.4%
Processed Fruit & Vegetables	17,327	21,092	17,760	23,233	29,599 *	15,438	20,925	35.5%
Fruit & Vegetable Juices	1,581	1,748	1,483	1,109	2,103	1,189	1,359	14.3%
Tree Nuts	746	1,171	864	1,519	3,703 *	1,064	1,167	9.7%
Wine and Beer	650	297	500	381	1,184 *	683	827	21.1%
Nursery Products & Cut Flowers	92	82	18	108	66	56	123 *	119.6%
Pet Foods, Dog/Cat	688	923	689	783	1,042	662	1,946 *	194.0%
Other Consumer-Oriented Products	9,613	10,189	11,453	10,419	16,742 *	9,077	11,049	21.7%
Wood Products Total	6,758	11,092	23,038 *	12,819	12,351	7,263	18,993	161.5%
Logs	238	412	1,125	3,258	752	153	1,145	648.4%
Lumber	869	990	2,686	2,999	8,064	4,843	8,729 *	80.2%
Plywood & Panel Products	336	297	845	1,266	1,642 *	941	639	-32.1%
Other Wood Products	5,314	9,393	18,382 *	5,295	1,893	1,326	8,480	539.5%
Fish & Seafood Products Total (Edible)	4,854	3,665	1,405	4,371	8,839 *	5,825	4,778	-18.0%
Salmon, Whole/Eviscerated	0	0	8	12	68 *	28	0	-100.0%
Salmon, Canned	20	10	25	20	54	0	113 *	NA
Crab & Crabmeat	0	0	0	0	0	0	152	NA
Surimi (fish paste)	N/A	0	0	0	0	0	0	NA
Roe & Urchin	0	0	0	0	0	0	0	NA
Other Edible Fish & Seafood Products	4,835	3,655	1,372	4,338	8,717 *	5,797	4,513	-22.1%
Agricultural Product Total	371,058	516,487	477,608	566,878	752,876 *	395,258	531,537	34.5%
Agricultural, Fish & Wood Product Total	382,670	531,244	502,051	584,068	774,066 *	408,346	555,308	36.0%

Note: (*) Highest export level since at least 1970; N/A = not available; NA = not applicable.
Source: Ernest Carter, tel: 720-2922, TEAD/ITP/FAS

Trade Event:
Great American Food Show--Philippines '97

The U.S. Department of Agriculture's Trade Show Office has organized the 2nd Great American Food Show--Philippines '97. The show is scheduled for February 25 - 26, 1997. Limited exhibitor space is still available. However, you must act quickly to secure a booth.

This important trade event will take place in Manila, the capital city of the Philippines, and will attract key importers, wholesalers, retailers, and food service buyers throughout the country. With a growing population, limited agricultural resources, and a pre-disposition to U.S. products, this market offers excellent opportunities to expand sales of American agricultural products. The current economic upsurge is translating into a strong import demand for consumer-oriented foods which meet the needs and desires of a growing Philippine middle class which is becoming more affluent. Many Filipinos are seeking greater diversity in their food than traditional diets offer. With most adult members of urban families working outside of the home, restaurant sales are rising markedly while supermarkets are looking to broaden their offerings of convenience foods which are easily prepared at home.

Trade Reform

The Philippine Government recently passed legislation which will implement the country's trade commitments under the Uruguay Round Agreement reached in December 1994. Restrictions on trade, maintained in the past to protect local producers, are being eliminated. The Philippine Government is reducing import tariff levels and has established a goal of achieving a uniform 5 percent ad valorem duty rate by the year 2004.

Previous Shows

The first Great American Food Show held in the Philippines was in March 1995. American participants and Philippine attendees all judged the show to be a huge success. Philippine trade visitors at the show, including importers, wholesalers/distributors, agents, supermarkets and other retailers, hotels, restaurants, and bakeries totaled approximately 1,600. An additional 500 food processors attended the show.

Many of the U.S. exhibitors at the show were overwhelmed by the great interest in their products expressed by the Philippine trade. Based upon exhibitor evaluations made at the show, export sales to the Philippines during the following 12 months were projected to increase $3.5 million.

Product Eligibility

All products displayed at the Great American Food Show--Philippines '97 must be comprised of at least 50 percent agricultural and/or food ingredients of U.S. origin computed on a value or volume basis. Product labels must indicate that the products were either produced or processed in the United States.

Show Site

The Great American Food Show--Philippines '97 will take place in Manila's Shangri-La's EDNA Plaza Hotel. This hotel is one of newest five-star hotels in Manila. It is located in the Ortigas Center, a new commercial complex adjacent to two of Manila's largest and most modern shopping malls. The hotel is equipped with a business center, ultra-modern communication systems, audio visual facilities, exhibition halls, banquet accommodations, and international conference facilities.

Exhibitors are responsible for making their own room reservations and are under no obligation to stay at the hotel where the show is being held. The room rate at the Shangri-La is $120 per night plus 10 percent service charge.

Show Management

The Great American Food Show--Philippines '97 is organized and managed by the Trade Show Office of the U.S. Department of Agriculture. The USDA Trade Show Office is an experienced exhibition organizer that has sponsored six to eight shows annually for the past 24 years.

Show Facilities and Services

USDA is offering exhibitors at the Great American Food Show--Philippines '97 an attractive, full-service package, including a fully appointed booth, product shipment and customs clearance, catalog entries, and high show visibility. The show will consist of 53 booths measuring 3 x 3 meters.

Product Shipment

The USDA Trade Show Office will ship, one-way, up to 300 pounds of product samples per booth from a consolidation point on the West Coast of the United States to the show site. This service includes customs clearance in the Philippines. Exhibitors are responsible for delivery of product samples to the U.S. consolidation point and for making arrangements and

paying the full cost of shipping materials back to the United States.

Standard Booth Package

Standard booth appointments include:

A fascia board with firm name.
Two spotlights and one electrical outlet (220 Volts).
Sturdy back, side walls, and two wall shelves.
One demonstration counter and two chairs.
Exhibitor badges and listing in show catalog.
Shipping, customs clearance, and drayage of samples

Optional Services and Equipment

The following optional services and equipment will be available to exhibitors at an additional charge:

1: Extra equipment such as chillers and freezers.
2: Additional display aids such as shelving, display cubes, and electrical outlets.
3. Plant and flower arrangements.

Registration and Participation Fees

Any manufacturer, processor, or seller of U.S. food or beverage products interested in participating in the Great American Foods Show--Philippines '97 should contact the USDA Trade Show Office to obtain a reservation form, details of the terms and conditions related to show participation, and a floor plan showing booth layout. The fee for the standard 3 x 3 booth package is $1,900. A $300 surcharge will apply to all premium booth locations. Two oversized corner booths (number 7 and 17) have a fee of $3,000.

Booth Selection and Assignment

Booth selection will be made on a first-come, first-served basis. Exhibitors are requested to designate in their reservation form their top three choices for booth assignment from the show's floor plan. Every attempt will be made to honor the first choice. If unable to assign the first choice, second and third choices will automatically be considered. If an exhibitor's top three choices are unavailable, the exhibitor will be contacted before a final assignment is made.

Official Show Catalog/Directory

Each exhibitor will receive a free listing in the Show Catalog. The listing will contain the exhibitor's contact data and a brief description of the exhibitor's company. Forms for submitting catalog entries will be included in the exhibitor's manual.

The show catalog will be available to the Philippine food trade as a reference guide. Advertising space in the catalog is available to exhibitors seeking greater exposure than the standard entry, food companies not sending representatives to the show, and companies facilitating U.S. agricultural exports with non-agricultural goods and services. Advertising rates can be obtained from USDA's Trade Show Office.

Assistance for Small Businesses

Financial assistance is available to help companies offset the cost of promoting U.S. food and beverages at international trade shows. For more details, contact the following organization closest to you.

Eastern U.S. Food & Agriculture Export Council
Wormleysburg, Pennsylvania
Tel: 717-731-6017
Fax: 717-731-6019

Mid-America Agri-Trade Council
Chicago, Illinois
Tel: 312-944-3030
Fax: 312-944-1144

Southern U.S. Trade Association
New Orleans, Louisiana
Tel: 504-568-5986
Fax: 504-568-6010

Western U.S. Agricultural Trade Association
Vancouver, Washington
Tel: 360-574-2627
Fax: 360-574-7083

USDA is working closely with State Departments of Agriculture to organize and promote this food show. Some departments may organize a state pavilion or offer assistance to their respective exporters.

Show Information

For additional assistance regarding your participation in the Great American Food Show--Philippines '97, you should contact Joe Hain, Trade Show Coordinator, at:

Phone: (202) 720-3425
Fax: (202) 690-4374

Market Updates

China Refrains From Exporting While Covering Regional Corn Shortages

Contrary to reports in late September, China has not changed its policy to refrain from selling corn to other countries. China is expected to continue its status as a non-exporter of corn in the short-term, but it could begin exporting as early as 1997.

China, meanwhile, has effectively removed itself from global corn markets for the next 3 to 4 months by transferring 2 million tons of corn from surplus to deficit regions. The Chinese Government decided to purchase and transship the corn owned by Jilin province to deficit regions in the south. Jilin province had previously moved this corn into an export position hoping that its good harvest and growing stock position would persuade the central government to authorize export licenses. This reallocation of the country's corn availabilities reduces potential import demand in these deficit provinces. The United States would have been the most likely supplier of China's corn imports.

Chinese Crawfish Exports Prompt U.S. Anti-Dumping Case

An anti-dumping petition was filed on September 20, 1996, with the U.S. Department of Commerce by the Louisiana-based Crawfish Processors Alliance and the Commissioner of the Louisiana Department of Agriculture and Forestry against imports of crawfish tail meat from China. The product under investigation includes freshwater crawfish tail meat in all forms (frozen, fresh, or chilled), grades, and sizes. Crawfish production, both farmed and wild, is an important economic activity in the Southeastern United States, with most concentrated in Louisiana.

The value of U.S. crawfish tail meat imports from China, the sole exporter to the United States, increased from $1.8 million in 1993 to $8.9 million in 1995. Based on the current pace, the value of U.S. imports in 1996 is projected to double last year's level. In terms of total U.S. domestic consumption, crawfish tail meat imports from China increased from an 18 percent market share in 1993 to 61 percent in 1995. Prices for Chinese crawfish tail meat imports have averaged approximately $2 per pound below Louisiana product, which according to U.S. producers, has caused severe displacement of domestic product and resulted in a discontinuation of the packaging of frozen Louisiana tail meat. Many U.S. hotels and restaurants have switched to the Chinese product.

Reduced Japanese Purchases Impact U.S. Meat Exports

The value of U.S. beef and pork exports dropped 12 percent in July largely because of reduced Japanese import purchasing. July shipments of both beef and pork to Japan fell from the prior month 15 percent and 28 percent to $105 million and $47 million, respectively. Two developments were key to these declines. First, a loss of Japanese consumer confidence in the safety of meat and vegetables, a result of a recent incidence of E. coli, was partly responsible for reduced meat consumption. And second, the Japanese import safeguard for pork was triggered in June which raised the price of U.S. pork entering Japan by 24 percent on July 1.

Despite the slower pace of export shipments, an 18 percent increase in total U.S. beef and pork exports is projected for 1996. Japan is the largest market for U.S. beef and pork, accounting for 58 percent and 71 percent, respectively of all exports in July. The U.S. meat industry is looking at ways to regain Japanese consumer confidence.

Japan Opens Market to Imported Tomatoes

Japan approved last month the importation of Canadian and Australian (Tasmania) tomatoes. The Japanese Government determined in both cases that the products meet the country's phytosanitary import requirements. The technical review and approval process to allow imports of U.S. tomatoes continues. The Japanese Government may complete its internal review and hold the requisite public hearing on the issue within the next several months. This could clear the way for U.S. exporters to commence shipments to this promising market by early next year.

Thailand's Duty Reductions Could Spur U.S. Exports Of Nuts and Raisins

Thailand has sharply reduced its import duties on tree nuts and raisins. This action was in response to USDA's May 1995 proposal to the Thai Ministry of Finance to reduce duties on a variety of horticultural products. Applied duty rates on a range of tree nuts, including almonds, pistachios, walnuts, and hazelnuts have been reduced from 56 percent to 10 percent ad valorem. The tariff on raisins was lowered from 57 percent to 30 percent.

U.S. exports to date of the affected commodities have reached only modest levels--total export value for all commodities reached only $1.2 million during the August 1995-July 1996 period--due largely to trade-restrictive duty levels. The lower duty rates offer the potential of significant trade expansion, particularly for tree nuts. Thailand is a growing market for U.S. horticultural products. For the 12-month period ending July 1996, U.S. horticultural exports to Thailand totaled $50.4 million, an increase of 20 percent above the same period a year earlier. Apples, which are among the few items to be assessed the low duty rate of 10 percent, accounted for nearly 40 percent U.S. horticultural export value during this most recent 12 month period.

Hong Kong Egg Imports From the United States Reach Record Level

U.S. exports of table eggs to Hong Kong, accounting for 60 percent of all shipments, were up markedly in 1996. Exports to Hong Kong during the period January-July 1996 reached 31 million dozen, up 25 percent over the same 7-month period a year ago. At this rate, shell egg exports to Hong Kong, adjusted for seasonal trends, are forecast to reach a record 55 million dozen in 1996. Despite high domestic prices and the absence of export support from USDA's Export Enhancement Program, U.S. egg exporters have been able to increase sales and market share in the Hong Kong Market. The increase in sales activity is partly attributed to a reduction in EU export restitutions for eggs from the Netherlands, the principal competitor to the United States.

Turkey Halts Cattle Imports

As part of an ongoing effort to control an outbreak of foot-and-mouth disease, Turkish officials have placed a 3-month ban on cattle imports. The ban ends the possibility of additional U.S. cattle shipments to Turkey this year. Turkey became an important market for U.S. cattle earlier this year, purchasing almost 10,000 dairy heifers.

EU Malt Sales Respond to Heavy Export Subsidies

Due to the recently announced export subsidy of $42 per ton, the EU's subsidized selling price for malt is effectively undercutting U.S. prices in some overseas markets at a time when most of the year's purchasing activity is normally conducted. The United States already has lost a recent sale of 4,000 tons of malt to Honduras, and upcoming sales of 19,000 tons to Jamaica and 90,000 tons to South Africa are in jeopardy due to lower, subsidized EU prices. The EU may grant even higher export subsidies as it attempts to compete with Canadian product.

Mexico Raises its Barley Import Quota

Mexico raised its NAFTA barley import commitment for the year fourfold to 545,000 tons, most of which is likely to come from the United States. The increase is in response to poor crop conditions and a stronger demand for feed and brewing. U.S. barley exports to Mexico to date this year have reached nearly 300,000 tons, nearly triple the 107,000 tons sold during marketing year 1995/96.

Guatemala Announces Larger Apple Import Quota

The Government of Guatemala established, effective September 9, 1996, a tariff rate quota of 5,000 tons for the importation of apples. This far surpasses Guatemala's previous World Trade Organization commitment of 157 tons for apples and pears. The new import law also reduced the import tariff on apples from 20 percent to an in-quota tariff of 12 percent. The out-of-quota tariff was set at 25 percent. The new policy also eliminates Guatemala's import licensing requirement for apples and allows for year round imports. The Government of Guatemala had not been fully applying its Uruguay Round provisions the past two years which enabled trade to occur at levels above the minimum levels specified in the Uruguay Round Agreement. As the primary supplier of imported apples to Guatemala, the United States is expected to benefit most from the new policy. Guatemala has become an important market for U.S. apple exporters in recent years. U.S. apple exports to Guatemala in marketing year 1995/96 (July-June) totaled 5,402 tons, valued at $3.2 million. In the 1991/92 marketing season, U.S. apple sales to Guatemala totaled 197 tons, with a value of $133,078.

Increased Imports by Canada and Brazil Push U.S. Pear Exports to Record Level

U.S. pear exports in marketing year 1995/96 (July-June) totaled a record $82.6 million, up 14 percent above the previous season's value. Expanded sales to Canada and Brazil more than offset lower shipments to Mexico. Sales to Canada, the largest U.S. market, expanded 15 percent to $31.6 million, due to higher per unit prices. Sales to Mexico, the second largest market, are now recovering from the adverse impact of the devaluation of the peso.

Pear sales to Brazil, the third largest market, more than doubled to $9.5 million. This market offers significant opportunities for U.S. exporters. USDA and industry funding allowed for in-store promotions to be carried out in Brazilian supermarkets for the first time last year. Also, a recent potentially trade-disrupting development involving Brazil's phytosanitary import requirements for pears has been favorably resolved. The resulting agreement will help to ensure continued, uninterrupted access to this important new market.

Brazil Abolishes Export Taxes For Soybeans and Products

On September 13, 1996, Brazil's President Fernando Cardoso signed into law an exemption of state taxes (ICMS) on exports of primary and semi-processed products, including soybeans and soybean products. The new policy went into effect September 16, 1996, and is expected to reduce the cost of doing business in Brazil, improve the trade balance, provide a boost to the Brazilian economy, and may stimulate soybean production and exports. Previously, the state taxes in Brazil had a de facto differential export tax (DET) effect stemming from the 13 percent tax for soybeans, 11.1 percent tax for soybean meal, and an 8.8 percent tax on soybean oil. Under the new system, the Brazilian federal government will partially compensate state governments for revenues lost in eliminating the old state tax systems.

The elimination of export taxes on soybeans and other farm products will provide Brazilian farmers with higher prices, and is thus expected to stimulate soybean production and exports. The potential impact on crushers remains to be seen as Brazilian oilseed processors may find that higher soybean prices offset lower administrative and other unacknowledged costs which arose surrounding the former complex goods trade state tax systems.

Although the United States should benefit from the elimination of the DET's trade distortion which gave soybean product exports an export subsidy, the overall competitive impact on U.S. soybean and product exports and prices remains unclear. One scenario is that increased Brazilian soybean production resulting from the tax elimination would enter export markets, exerting downward pressure on U.S. soybean prices. U.S. soybean products, however, would be expected to become relatively more competitive, as the artificial incentives in Brazil for increasing crush and exports have been eliminated.

Argentine Food Show Generates U.S. Exports Of Consumer Foods

USDA sponsored a first-ever U.S. food show in Buenos Aires, Argentina on August 21-22, 1996. The event featured 31 American food and beverage companies which introduced 150 new products to this burgeoning market. Exhibitors reported making an average of ten serious business contacts during the event which attracted 770 trade attendees. Base on data provided by exhibitors, USDA estimates that the show will facilitate $6 million in new exports of high-value food and beverage products to Argentina during the next 12 months. More than $150,000 in sales were made at the show. Exports to Argentina of consumer-oriented food and beverage products totaled $59.8 million in 1995.

Russian Import Demand For Poultry Meat Propels U.S. Exports

Driven by gains in broiler part exports, U.S. poultry meat exports during the first seven months of 1996 are approaching $1.3 billion. U.S. poultry meat exports during this period exceed 1.3 million tons, up 20 percent from last year. Exports to Russia account for much of this gain with a strong July export pace pushing total Russian imports to date from the United States to 500,000 tons. Additional markets showing year-to-year increases are Hong Kong, China, Mexico, Ukraine, Latvia, and South Africa. Strong poultry meat exports have also been supported by a near doubling in turkey meat shipments during the January to July period. Economic recovery in Mexico and a strong Russian demand have pushed turkey meat exports during the first 7 months of calendar year 1996 to $108 million, up nearly $34 million from a year ago.

US Exports of Agricultural, Fish & Wood Products to All Countries

Calendar Years 1991 to 1996 and Year-to-Date Comparisons ($1,000)

	Calendar Years					January-July		%
Product	1991	1992	1993	1994	1995	1995	1996	Chg
Bulk Agricultural Total	18,348,386	19,687,248	18,593,458	18,951,466	26,018,597	14,024,033	17,060,433	21.7%
Wheat	3,292,138	4,449,324	4,664,582	4,056,007	5,447,333	2,595,249	3,744,493	44.3%
Coarse Grains	5,722,597	5,736,599	5,000,598	4,731,925	8,152,928	4,196,055	5,890,681	40.4%
Rice	753,557	726,072	771,312	1,010,548	997,833	565,140	563,222	-0.3%
Soybeans	3,956,443	4,380,402	4,598,746	4,330,427	5,400,038	2,854,948	3,748,110	31.3%
Cotton	2,491,999	2,010,338	1,540,678	2,676,263	3,713,889 *	2,506,644	1,889,940	-24.6%
Tobacco	1,427,631	1,650,559 *	1,306,067	1,302,745	1,399,863	817,770	782,419	-4.3%
Pulses	268,414	191,656	213,254	280,649	264,153	142,859	135,538	-5.1%
Peanuts	180,304	240,308	204,576	187,552	266,243	146,747	119,805	-18.4%
Other Bulk Commodities	255,304	301,989	293,645	375,352	376,318	198,622	186,223	-6.2%
Intermediate Agricultural Total	8,789,224	9,231,134	8,973,466	9,749,696	10,992,075 *	6,541,415	6,260,793	-4.3%
Wheat Flour	184,256	184,317	205,729	211,248	236,368	151,539	76,159	-49.7%
Soybean Meal	1,155,307	1,294,722	1,132,041	958,920	1,074,516	650,141	807,604	24.2%
Soybean Oil	222,126	376,202	363,897	525,077	694,080	530,376	142,891	-73.1%
Other Vegetable Oils	418,144	502,732	543,897	671,187	921,440 *	558,370	480,611	-13.9%
Feeds & Fodders (excl. pet foods)	1,605,732	1,722,327	1,744,163	1,738,454	1,902,403 *	1,088,656	1,189,038	9.2%
Live Animals	686,563	607,891	518,927	587,352	519,242	221,188	239,032	8.1%
Hides & Skins	1,357,570	1,326,054	1,268,658	1,507,616	1,727,629	1,048,396	979,708	-6.6%
Animal Fats	426,824	515,214	501,702	598,546	788,703 *	490,178	384,763	-21.5%
Planting Seeds	671,655	675,011 *	619,359	648,614	666,360	382,125	432,256	13.1%
Sugars, Sweeteners & Bever. Bases	634,101	573,921	567,807	656,761	629,634	376,425	406,780	8.1%
Other Intermediate Products	1,426,946	1,452,744	1,507,288	1,645,921	1,831,699 *	1,044,021	1,121,951	7.5%
Consumer-Oriented Agricultural Total	11,967,920	13,895,994	14,911,316	16,988,134	18,787,618 *	10,421,315	11,430,286	9.7%
Snack Foods (excluding nuts)	633,040	829,679	1,024,643	1,101,668 *	1,049,207	544,973	629,535	15.5%
Breakfast Cereals & Pancake Mix	216,802	219,762	252,993	291,979 *	275,239	145,397	179,535	23.5%
Red Meats, Chilled/Frozen	2,660,267	3,112,361	3,055,222	3,383,394	4,162,666 *	2,292,829	2,607,974	13.7%
Red Meats, Prepared/Preserved	165,101	181,562	220,038	253,621	283,988 *	145,624	190,420	30.8%
Poultry Meat	817,913	928,464	1,100,613	1,570,414	2,025,713 *	1,060,828	1,300,645	22.6%
Dairy Products	462,956	793,754	857,487 *	753,257	796,750	462,548	445,973	-3.6%
Eggs & Products	143,367	139,234	139,438	164,653	170,719	90,689	119,974	32.3%
Fresh Fruit	1,561,053	1,683,344	1,707,147	1,953,767	1,972,864 *	1,168,524	1,150,967	-1.5%
Fresh Vegetables	832,935	899,624	985,953	1,046,789	1,068,572 *	724,332	628,600	-13.2%
Processed Fruit & Vegetables	1,394,490	1,558,121	1,639,583	1,720,891	1,906,561 *	1,084,027	1,083,012	-0.1%
Fruit & Vegetable Juices	385,414	461,017	469,517	543,013	659,043 *	391,475	403,731	3.1%
Tree Nuts	867,704	928,531	998,246	1,106,416	1,169,129 *	504,356	625,072	23.9%
Wine and Beer	315,756	369,181	379,301	532,735	648,681 *	357,786	395,546	10.6%
Nursery Products & Cut Flowers	201,442	201,321	209,397 *	197,985	193,300	119,154	126,702	6.3%
Pet Foods, Dog/Cat	329,772	399,630	497,621	577,943	630,237 *	356,001	385,416	8.3%
Other Consumer-Oriented Products	979,907	1,190,410	1,374,116	1,789,607 *	1,774,949	972,773	1,157,183	19.0%
Wood Products Total	6,429,179	6,741,685	7,281,313 *	7,085,787	7,245,897	4,396,463	4,096,534	-6.8%
Logs	2,074,432	2,140,010	2,489,560 *	2,277,981	2,287,347	1,474,087	1,170,104	-20.6%
Lumber	2,203,353	2,322,491	2,449,643 *	2,428,150	2,411,741	1,490,026	1,361,948	-8.6%
Plywood & Panel Products	735,227	847,867	906,397	944,360	996,592 *	579,261	556,407	-3.9%
Other Wood Products	1,416,167	1,431,317	1,435,714	1,435,297	1,550,217 *	853,089	1,008,076	18.2%
Fish & Seafood Products Total (Edible)	3,035,383	3,353,935 *	2,959,086	3,002,265	3,138,220	1,857,562	1,725,752	-7.1%
Salmon, Whole/Eviscerated	436,975	681,663	583,060	518,413	545,283	343,556	317,001	-7.7%
Salmon, Canned	133,644	154,401	160,416	161,577	174,946 *	72,960	72,446	-0.7%
Crab & Crabmeat	431,411	448,050 *	417,660	349,136	209,070	145,549	99,186	-31.9%
Surimi (fish paste)	N/A	367,627 *	274,322	318,850	353,433	186,807	130,459	-30.2%
Roe & Urchin	389,031	421,396	415,319	408,963	505,873 *	324,274	323,012	-0.4%
Other Edible Fish & Seafood Products	1,644,322 *	1,280,798	1,108,309	1,245,325	1,349,614	784,416	783,648	-0.1%
Agricultural Product Total	39,105,530	42,814,376	42,478,240	45,689,296	55,798,290 *	30,986,763	34,751,512	12.1%
Agricultural, Fish & Wood Product Total	48,570,092	52,909,996	52,718,639	55,777,348	66,182,407 *	37,240,788	40,573,798	8.9%

Note: (*) Highest export level since at least 1970; N/A = not available; NA = not applicable.
Source: Ernest Carter, TEAD/ITP/FAS, tel. 720-2922.

U.S. Exports of Agricultural, Fish & Forest Products by Major Group
Monthly and Annual Performance Indicators

	July			October-July			Fiscal Year			
	1995	1996		FY '95	FY '96		1995	1996(f)	1997(p)	
Export Values	-- $Billion --		Chg	-- $Billion --		Chg	--------- $Billion ---------			Chg
Grains and Feeds 1/	1.409	1.802	28%	13.965	18.116	30%	17.637	21.8	18.7	-14%
Wheat & Flour	0.402	0.632	57%	3.998	5.555	39%	5.201	6.9	4.8	-30%
Rice	0.073	0.066	-10%	0.893	0.839	-6%	1.050	1.1	0.9	-18%
Coarse Grains 2/	0.636	0.779	23%	5.772	8.209	42%	7.411	9.5	8.6	-9%
Corn	0.586	0.702	20%	5.144	7.411	44%	6.619	8.5	7.6	-11%
Feeds & Fodders	0.187	0.200	7%	2.080	2.231	7%	2.511	2.8	2.9	4%
Oilseeds and Products	0.519	0.624	20%	7.829	8.380	7%	9.119	9.6	10.4	8%
Soybeans	0.261	0.373	43%	4.514	5.533	23%	5.274	6.2	6.7	8%
Soybean Cakes & Meals	0.082	0.143	75%	0.926	1.079	17%	1.079	1.2	1.3	8%
Soybean Oil	0.029	0.008	-74%	0.750	0.248	-67%	0.809	0.3	0.5	67%
Other Vegetable Oils	0.075	0.035	-54%	0.784	0.710	-9%	0.918	N/A	N/A	N/A
Livestock Products	0.655	0.587	-10%	6.442	6.878	7%	7.831	8.7	9.3	7%
Beef, Pork & Variety Meats	0.353	0.308	-13%	3.257	3.742	15%	4.038	4.7	5.1	9%
Hides, Skins & Furs	0.153	0.136	-11%	1.450	1.397	-4%	1.738	1.7	1.7	0%
Poultry Products	0.202	0.219	8%	1.820	2.215	22%	2.210	2.7	2.9	7%
Poultry Meat	0.175	0.187	6%	1.532	1.902	24%	1.867	N/A	N/A	N/A
Dairy Products	0.060	0.061	2%	0.648	0.624	-4%	0.789	0.7	0.5	-29%
Unmanufactured Tobacco	0.065	0.044	-33%	1.181	1.217	3%	1.329	1.4	1.4	0%
Cotton and Linters	0.135	0.073	-45%	3.261	2.862	-12%	3.496	3.1	2.4	-23%
Planting Seeds	0.037	0.049	32%	0.598	0.635	6%	0.680	0.7	0.7	0%
Horticultural Products	0.726	0.772	6%	7.682	7.852	2%	9.110	9.3	9.8	5%
Sugar & Tropical Products	0.156	0.176	13%	1.606	1.672	4%	1.940	2.0	2.0	0%
Forest Products 4/	0.557	0.507	-9%	6.207	5.818	-6%	7.335	N/A	N/A	N/A
Fish and Seafood Products 4/	0.458	0.411	-10%	2.520	2.354	-7%	3.172	N/A	N/A	N/A
Total Agriculture	3.965	4.407	11%	45.031	50.451	12%	54.141	60.0	58.0	-3%
Total Ag., Fish & Forest	4.980	5.324	7%	53.757	58.623	9%	64.648	N/A	N/A	N/A

Export Volumes	---- MMT----		Chg	---- MMT----		Chg	----------- MMT-----------			Chg
Grains and Feeds 1/	9.253	8.365	-10%	95.497	93.869	-2%	118.626	N/A	N/A	N/A
Wheat	2.412	2.947	22%	25.320	26.352	4%	32.094	32.0	25.0	-22%
Wheat Flour	0.099	0.039	-60%	0.993	0.379	-62%	1.184	0.5	1.0	100%
Rice	0.267	0.167	-37%	3.284	2.394	-27%	3.767	3.0	2.3	-23%
Coarse Grains 2/	5.294	4.192	-21%	52.712	52.317	-1%	65.670	61.1	58.0	-5%
Corn	4.876	3.762	-23%	46.961	47.352	1%	58.645	55.0	51.5	-6%
Feeds & Fodders	1.001	0.836	-17%	11.148	10.410	-7%	13.483	12.9	13.0	1%
Oilseeds and Products	1.864	1.912	3%	29.493	26.978	-9%	34.050	30.8	30.8	0%
Soybeans	1.123	1.253	12%	20.389	19.810	-3%	23.584	22.4	22.3	-0%
Soybean Cakes & Meals	0.469	0.544	16%	5.270	4.587	-13%	6.094	5.3	5.2	-2%
Soybean Oil	0.041	0.012	-70%	1.130	0.411	-64%	1.216	0.5	0.8	60%
Other Vegetable Oils	0.107	0.043	-60%	1.095	0.972	-11%	1.281	N/A	N/A	N/A
Livestock Products 3/	0.296	0.270	-9%	3.068	3.318	8%	3.688	N/A	N/A	N/A
Beef, Pork & Variety Meats	0.103	0.107	4%	1.015	1.205	19%	1.256	1.5	1.6	7%
Poultry Products 3/	0.194	0.196	1%	1.600	1.954	22%	1.943	N/A	N/A	N/A
Poultry Meat	0.191	0.191	0%	1.564	1.911	22%	1.901	2.3	2.5	9%
Dairy Products 3/	0.038	0.030	-22%	0.360	0.390	8%	0.440	N/A	N/A	N/A
Unmanufactured Tobacco	0.009	0.007	-17%	0.176	0.192	9%	0.197	N/A	N/A	N/A
Cotton & Linters	0.072	0.042	-42%	1.935	1.603	-17%	2.068	1.7	1.5	-12%
Planting Seeds	0.050	0.072	43%	0.424	0.571	35%	0.541	N/A	N/A	N/A
Horticultural Products 3/	0.565	0.611	8%	6.035	6.027	-0%	7.001	7.1	7.5	6%
Sugar & Tropical Products 3/	0.121	0.110	-9%	0.918	0.944	3%	1.104	N/A	N/A	N/A
Total Agriculture 3/	12.462	11.614	-7%	139.507	135.846	-3%	169.660	160.0	150.5	-6%

Notes: 1/ Includes pulses, corn gluten feed and meal; 2/ includes corn, oats, barley, rye and sorghum; 3/ includes only those items measured in metric tons; 4/ items not included in agricultural product totals. N/A = not available.

FY 1996 forecasts (f) are based on USDA's "Outlook for Agricultural Exports," published August 29, 1996.

U.S. Agricultural Export Value by Region

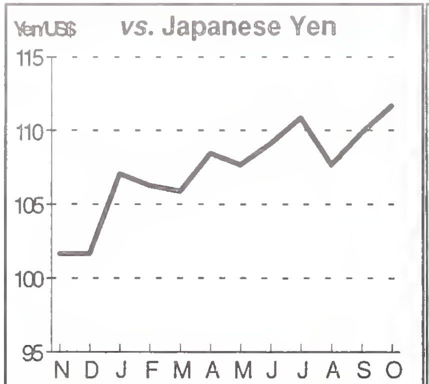
Monthly and Annual Performance Indicators

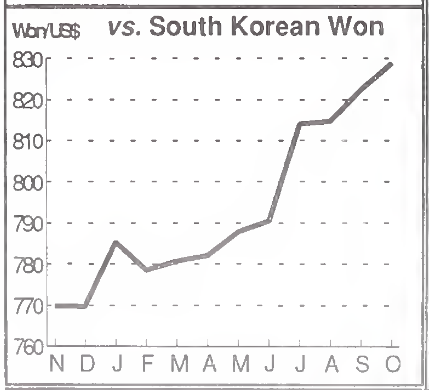
	July			October-July			Fiscal Year		
	1995	1996		FY '95	FY '96		1995	1996(f)	
	-- $Billion --		Chg	-- $Billion --		Chg	-- $Billion --		Chg
Western Europe	0.483	0.516	7%	7.322	8.059	10%	8.606	9.5	10%
European Union 1/	0.461	0.490	6%	7.037	7.762	10%	8.256	9.1	10%
Other Western Europe	0.023	0.026	14%	0.285	0.297	4%	0.350	0.4	14%
Central & Eastern Europe	0.019	0.028	46%	0.244	0.337	38%	0.283	0.4	41%
Former Soviet Union	0.084	0.109	30%	0.927	1.351	46%	1.158	1.6	38%
Russian Federation	0.063	0.094	50%	0.742	1.011	36%	0.911	1.3	43%
Asia	1.878	1.859	-1%	19.982	22.119	11%	23.979	26.9	12%
Japan	0.892	0.834	-7%	8.679	9.991	15%	10.447	12.2	17%
China	0.154	0.139	-10%	2.049	1.651	-19%	2.413	2.0	-17%
Other East Asia	0.620	0.667	8%	6.291	6.910	10%	7.562	8.3	10%
Taiwan	0.195	0.309	59%	2.139	2.487	16%	2.552	2.9	14%
South Korea	0.306	0.246	-19%	2.954	3.165	7%	3.576	3.9	9%
Hong Kong	0.119	0.111	-7%	1.191	1.258	6%	1.425	1.5	5%
Other Asia	0.213	0.219	3%	2.963	3.567	20%	3.558	4.4	24%
Pakistan	0.006	0.001	-91%	0.347	0.300	-13%	0.389	0.3	-23%
Philippines	0.056	0.090	59%	0.551	0.765	39%	0.675	0.9	33%
Middle East	0.211	0.157	-25%	2.013	2.118	5%	2.404	2.6	8%
Israel	0.050	0.042	-16%	0.379	0.530	40%	0.452	0.7	55%
Saudi Arabia	0.046	0.057	23%	0.406	0.482	19%	0.479	0.6	25%
Africa	0.186	0.256	37%	2.326	2.399	3%	2.806	3.0	7%
North Africa	0.129	0.188	45%	1.656	1.661	0%	1.972	2.1	6%
Egypt	0.096	0.130	35%	1.045	1.119	7%	1.294	1.5	16%
Algeria	0.026	0.028	5%	0.408	0.277	-32%	0.440	0.3	-32%
Sub-Saharan Africa	0.057	0.068	20%	0.670	0.738	10%	0.833	0.9	8%
Latin America	0.582	0.894	54%	6.584	8.215	25%	8.101	9.8	21%
Mexico	0.262	0.453	73%	2.998	4.199	40%	3.700	5.0	35%
Other Latin America	0.320	0.441	38%	3.587	4.015	12%	4.401	4.8	9%
Brazil	0.017	0.078	347%	0.564	0.436	-23%	0.638	0.4	-37%
Venezuela	0.042	0.035	-16%	0.406	0.377	-7%	0.493	0.4	-19%
Canada	0.460	0.527	14%	4.895	4.920	1%	5.830	5.8	-1%
Oceania	0.033	0.043	30%	0.469	0.380	-19%	0.563	0.4	-29%
World Total	**3.965**	**4.407**	**11%**	**45.033**	**50.453**	**12%**	**54.143**	**60.0**	**11%**

Note: 1/ EU-15 includes the newest member states of Austria, Finland and Sweden.
FY 1996 forecasts (f) are based on USDA's "Outlook for U.S. Agricultural Exports," published August 29, 1996.

Value Of U.S. Dollar Against Major World Currencies

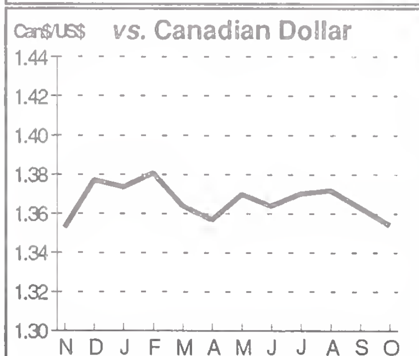
Daily Spot Quotations & Monthly Averages

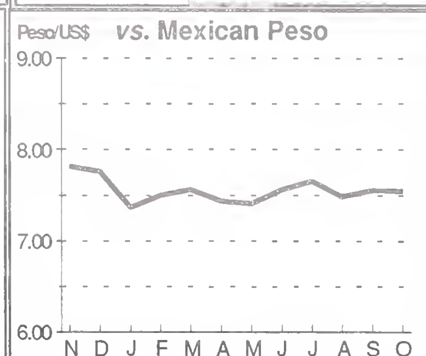


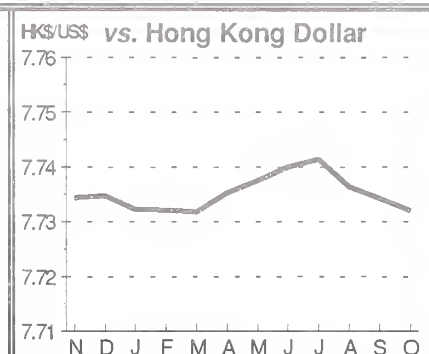


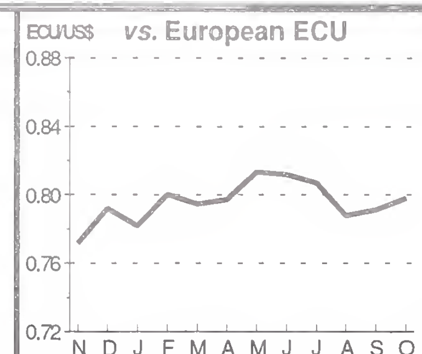
Currencies	Current Rate 10/8/96	Month Ago 9/8/96	Year Ago 10/95	% Change Year Ago 9/95
Argentine Peso	.9988	.9988	1.000	-0.12
Australian Dollar	1.2641	1.2511	1.3174	-4.05
Brazilian Real	1.0270	1.0158	.9580	7.20
Canadian Dollar	1.3539	1.3702	1.3355	1.38
Hong Kong Dollar	7.7320	7.7323	7.7312	0.01
Japanese Yen	111.69	109.26	100.67	10.95
Mexican Peso	7.5440	7.5425	6.7450	11.85
Taiwan Dollar	27.495	27.487	26.892	2.24
South Korean Won	828.85	819.45	769.20	7.75
European ECU	.79802	.79003	.77280	3.26
-British Pound	.6400	.6424	.6341	0.93
-French Franc	5.1655	5.1040	4.9625	4.09
-German Mark	1.5297	1.5002	1.4185	7.84

NOTE: Exchange rates are daily spot quotes as of 3:00 PM Eastern Time, October 8, 1996.
Source: TEAD/ITP/FAS Exchange Rate Database and Wall Street Journal.









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